

**STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING
REAL ESTATE COMMISSION**

**MINUTES OF MEETING
June 12 & 13, 2006**

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference of the Real Estate Commission was held June 12 & 13, 2006, Sophie's Station, Zach's Board Room, Fairbanks, Alaska.

Monday, June 12, 2006

Agenda Item 1 Call to Order

Chairperson Barbara Ramsey called the meeting to order at 9:15 a.m.

Roll Call

Members present constituting a quorum were:

Barbara Ramsey, Associate Broker, 3rd Judicial District
David B. Somers, Broker at Large
Gene DuVal, Associate Broker, 4th Judicial District
Bradley Fluetsch, Public Member
Roger Stone, Broker, 1st Judicial District
Rita Wilson, Associate Broker, Broker at Large

Members absent (excused):

Tim Worthen, Public Member

Staff Present:

Sharon Walsh, Executive Administrator
Nancy Harris, Licensing Examiner

Guests present via teleconference

Margo Mandel, Investigator

Guests present:

Lori Schooley, Coldwell Banker Gold Country
Hank Bartos, Century 21 Goldrush (FBKS)
Ruth Blackwell, Powell Realty, Inc.
Stacey Risner, Greater Fairbanks Board of Realtors

Approval of Agenda

The Commission members discussed the changes to the agenda. Ms. Harris asked that a licensing issue, D. Hill, be added to the agenda, as

agenda item 4(k). Ms. Wilson asked that a FSBO issue she had be added to the agenda. The Chair added that issue to item #12 of the agenda. Ms. Walsh asked that an item regarding a Licensing Examiner position be added to agenda item 5(e).

On a motion duly made by Wilson, seconded by Fluetsch, it was

RESOLVED to approve agenda as amended.

All in favor. Motion passes.

Approval of Minutes

Ms. Harris had corrections to the March 13 & 14, 2006 meeting minutes. The corrections were:

Page 4 – 4th bullet down, delete the first “to”,

5th bullet down, second paragraph, after the word Commission, delete the word “and”, then capitalize the word “Brokers”.

Page 6 – under the heading Review Muldoon Realty Contract, eighth line, add a period after the word “licensees”, and delete “it is not a purchase incentive program”.

Second paragraph from the bottom of the page, delete the “?” and add a “period” after the word regulation.

Page 13- under the heading HB 318, delete the words “mostly to take” and after the words “bill is” add the word “regarding”.

Page 14- after the motion, the next sentence should read, “ The status of HB 462 is still in Labor and Commerce. The words “that it was” should be deleted.

Page 15 – last paragraph, seventh sentence, change the word “with” to “within”, the ninth sentence change the word “info” to “information”.

Page 19 – Managing, change the capital “M” to a lowercase “m”.

Page 21 – under the heading Remaining updates from December 1, 2005 meeting, delete the next heading “ Broker letter response”.

Corrections for the April 26, 2006 teleconference meeting were:

Page 6 – first paragraph, sixth sentence, delete the first word of that sentence, “ if”.

On a motion duly made by Wilson, seconded by DuVal, it was

RESOLVED to accept the meeting minutes of March 13 & 14, 2006 as amended.

All in favor. Motion passes.

On a motion duly made by Stone, seconded by Fluetsch, it was,

**RESOLVED to accept the meeting minutes of
April 26, 2006 as amended.**

All in favor. Motion passes.

Agenda Item 2

Public Comment

There were three guests in attendance; however, there was no public comment.

The Commission recessed for break at 9:37 a.m.

The Commission reconvened from break at 9:43 a.m.

Agenda Item 3

Ms. Mandel was unavailable at the schedule time due to a fire drill at the Atwood Building. The Commission will contact her later.

Agenda Item 4

Licensing Examiner's Report

Statistics

The licensing examiner presented her statistical report for the period of February 28, 2006 through May 17, 2006 to the Commission. She said there were 99 new licensees, 2,428 active licensees with a 01/31/08 expiration date, 14 licensees who have broken contact with a broker, 5 real estate offices were closed, 14 real estate offices were opened and 11 licensees upgraded.

**On a motion duly made by Somers, seconded by Stone, it
was**

**RESOLVED to accept the licensing examiner's
report.**

All in favor. Motion passes.

Margaret Sparks

Ms. Harris presented to the Commission the transaction history provided by Ms. Sparks as requested at the March 2006 meeting.

The Commission members reviewed and discussed the transaction history of Ms. Sparks as presented.

**On a motion duly made by Fluetsch, seconded by DuVal,
it was**

**RESOLVED to accept the Broker Endorsement of
M. Sparks.**

**Roll call vote: B. Fluetsch-yes, D. Somers- no, R. Stone-
no, R. Wilson-yes, G. DuVal-no (would like to invite M.
Sparks to the next meeting), B. Ramsey-no.**

4 members opposed; 2 members in favor. Motion fails.

Regulation project - license by endorsement.

P. Herbert

The licensing examiner presented to the Commission a license application for salesperson for P. Herbert. Mr. Herbert answered “yes” to question number one of the application regarding “Are you under indictment for or have you ever been convicted of forgery, theft, extortion, conspiracy to defraud creditors or of a felony of any type”.

On a motion duly made by Somers, seconded by DuVal, it was

RESOLVED to accept the salesperson application of P. Herbert.

All in favor. Motion passes

**Agenda Item 3
Continued**

Investigator Report

Ms. Ramsey asked if Ms. Mandel had an update of the Top Ten Complaints list requested at the March meeting.

Ms. Mandel said she found that complaints are pretty much the same across the board nationwide, that is the nature of the industry. She said she should have something for the Commission regarding the Top Ten Complaints by the next meeting.

Statistics

Margo Mandel presents her statistical report for the period February 22, 2006 to May 16, 2006 to the Commission.

The Commission members reviewed and discussed Ms. Mandel’s report as presented.

On a motion duly made by Stone, seconded by Somers, it was

RESOLVED to accept the investigator’s report.

All in favor. Motion passes.

License Surrender Agreement – R. Ward

Margo Mandel presented the voluntary license Surrender Agreement for R. Ward. The Commission members reviewed and discussed the Surrender Agreement for R. Ward as presented.

On a motion duly made by Somers, seconded by DuVal, it was

RESOLVED to accept license surrender of R. Ward – Case #3000-04-001.

All in favor. Motion passes.

Clarification on Broker/Licensee Location/Supervision Issue

Ms. Mandel asked the Commission for clarification regarding the issue of supervision with a Broker who has an office in location/city but has two licensees in working from another location/city. She was asked by the Commission to investigate an office and the licensees and was aware that the Commission had approved a similar situation and was looking for clarification.

Commission members discussed the supervision/branch office issue. Some of the issues that were discussed were:

- Is it a branch office/home office, if licensee not in the same location as the broker?
- Out of state brokers seeking licensure in Alaska
- Remote supervision.

Possible regulation project 12 AAC 64.126/AS 08.88.291 – Revision. Remote supervision is separate from branch/home office issue (living in a community other than where your broker is):

- Disclosure – person of contact for supervisor, address, broker information (letterhead, cards, signs)
- How licensee is supervised by broker in policy- methods
- Permitted to live in different city as employing broker as long as records, transactions and supervision out of principal office. A branch office is not open, advertisement and all signs must have main brokerage name.
- 12 AAC 64.126- are the supervision requirements being met
- What is an office? Advertisement? Storage of records?
- Extended liability for broker that they assume
- Definitions: Branch office, home office, virtual office?
- What is the broker/licensee trying to accomplish? Branch office or working out of their home?

The Commission directed Ms. Mandel to request to a copy of a business card, letterhead, and to look for the office signage to determine branch information or not. How monies are getting into the trust account and do they meet the supervision requirements in 12 AAC 64.125? Commission asked Ms. Mandel to look into these

issues before she closed these cases out that she was asked to investigate regarding branch office issues.

The Commission recessed for break at 11:05 a.m.

The Commission reconvened from break at 11:12 a.m.

**Agenda Item 4
Continued**

Licensing Examiner's Report

W. Nelvis- Licensing Issue

The licensing examiner presented the license application for salesperson W. Nelvis. Mr. Nelvis answered "yes" to question #1, "Are you under indictment for or have you ever been convicted of forgery, theft, extortion, conspiracy to defraud creditors or of a felony of any type".

Commission member R. Wilson recused herself from this issue.

On a motion duly made by Somers, seconded by Fluetsch, it was

RESOLVED to accept the salesperson application for W. Nelvis.

6 members in favor, 1 member recused. Motion passes.

T. Motley- Licensing Issue

The licensing examiner presented the license application for associate broker by endorsement of T. Motley. T. Motley's license history shows less than six months of active service preceding application for licensure.

The Commission members reviewed and discussed T. Motley's application.

On a motion duly made by Fluetsch, seconded by Stone, it was

RESOLVED to accept the endorsement for associate broker application for T. Motley.

All in favor. Motion passes.

The Commission members agreed to discuss Promissor's performance at the next meeting.

Staff to research the Promissor testing contract and bring back information to next meeting.

Staff to let Rick Union know that the Commission would like to look at other options regarding testing.

S. Fallon

The licensing examiner presented to the Commission the salesperson license application for S. Fallon. S. Fallon answered “yes” to question #1 regarding, “Are you under indictment for or have you ever been convicted of forgery, theft, extortion, conspiracy to defraud creditors or of a felony of any type”.

On a motion duly made by Fluetsch, seconded by Somers, it was

RESOLVED to accept the salesperson application for S. Fallon.

All in favor. Motion passes.

Broker/AB Office Clarification 12 AAC 64.110

The licensing examiner, Nancy Harris, presented a question to the Commission for clarification with two different situations regarding location of broker and offices.

1. Can a Broker who is located in the principal office open another office and be the Broker in that office, in the same or different location? (e.g. referral office, property management office)
2. Can you be a Broker in one office and be an Associate Broker in another office at the same or different location?

The Commission members discussed both situations as presented looking at 12 AAC 64.110, 12 AAC 64.112, AS 08.88.291, 12 AAC 64.115, AS 08.88.311. Some of the issues discussed were:

- Where are the licensee’s license hanging?
- Supervision of licensees
- Licensees in referral office out of MLS and realtor dues.
- The office in which the broker works and maintains his license is considered the principal office or principal branch office.
[12 AAC 64.110 (a)]
- A real estate licensee may do real estate business only through a principal office or from a branch office registered by the broker by whom the licensee is employed. [AS 08.88.291(a)]
Where does it allow for the second office?
- A broker who maintains offices or branch offices other than the principal office or branch shall have an associate broker in charge of each branch office. [12 AAC 64.110(b)]
- Can a broker have two licenses? Where would the broker hang his physical license?

- What is the maximum number of offices a broker can have at the same location?
- A broker shall register with the commission the name under which the broker will advertise and conduct business. A broker's business name registered with the commission is the name that will be entered into the commission's data base and appear on the roster of licensees published by the commission. 12 AAC 64.112(a)
- A real estate broker holding an active license shall (1) within the state, maintain on or more trust accounts and records of all Alaska real estate transactions as required by AS 08.88.351 and 12 AAC 64.220; and (2) provide for acceptance of legal service at the business address registered with the commission. 12 AAC 64.115.

The Commission members agreed to get an AG opinion and table this issue until the next meeting.

Staff to collect all regulations and statutes for AG's opinion in regards to the number of offices a broker can have. Staff to go through notes, give examples and include all scenarios regarding these two questions.

The Commission recessed for lunch at 12:22 p.m.
The Commission reconvened from lunch at 1:29 p.m.

C. Wood-Harris- Referral Office/Main Office Issue

The licensing examiner presented the issue of C. Wood-Harris' request to waive the \$50.00 fee to transfer her license to Gallery Homes Referral office. When Ms. Wood-Harris reinstated her real estate license, her application was completed for her to be reinstated into Gallery Homes Real Estate office, not the referral office. Ms. Wood-Harris thought she was in the referral office but found out her license was under the main office of Gallery Homes Real Estate. Ms. Wood-Harris does not believe that she should pay the \$50.00 transfer fee to transfer into the referral office.

The Commission members discussed the issue of waiving the \$50.00 transfer fee to transfer Ms. Wood-Harris from Gallery Homes Real Estate office to Gallery Homes Referral office.

The Commission members agreed that there would be no waiver and this issue is between C. Wood-Harris and her broker.

T. Hansen- Licensing Issue

The licensing examiner presented the license application for salesperson T. Hansen. Mr. Hansen answered "yes" to question #1, "Are you under indictment for or have you ever been convicted of

forgery, theft, extortion, conspiracy to defraud creditors or of a felony of any type”.

On a motion duly made by DuVal, seconded by Wilson, it was

RESOLVED to accept the salesperson application for T. Hansen.

All in favor. Motion passes.

L. Zwaggerman- Licensing Issue

The licensing examiner presented the license application for associate broker for L. Zwaggerman. L. Zwaggerman's associate broker application was incomplete because his license history from the state of California was received after the date his exam score sheet had expired.

Commission members reviewed and discussed L. Zwaggerman's application.

On a motion duly made by Stone, seconded by DuVal, it was

RESOLVED to accept the associate broker application for L. Zwaggerman.

**5 members in favor;
1 member (Fluetsch) opposed. Motion passes.**

D. Hill- Licensing Issue

The licensing examiner presented to the Commission the application for associate broker license for D. Hill. Mr. Hill had a break in service due to an issue with the changing of his broker when he transferred his license in January 2005.

The Commission members reviewed and discussed Mr. Hill's application for upgrade to associate broker and his break in service.

On a motion duly made by DuVal, seconded by Fluetsch, it was

RESOLVED that D. Hill has had no break in service.

All in favor. Motion passes

FAQ – To prevent a break in service – turn in license to broker, broker signs, but does not send license in.

- 30 days does not start until received by AREC.
- Licensee should check to make sure that the broker sends in the original license to the AREC

FAQ – On any time sensitive information the clock does not start until AREC receives it.

Regulation Project – add “within 3 business days” to the end of 12 AAC 64.075(b) - the end of the first sentence.

The Commission recessed for lunch at 12:05 p.m.
The Commission reconvened from lunch at 1:40 p.m.

Agenda Item 5

Administrator’s Report

Financial Report

The Executive Administrator, Sharon Walsh, presented her financial report to the Commission. The Commission members reviewed and discussed the report as presented.

Surety Fund Tracking Report

The Executive Administrator, Sharon Walsh, presented the Surety Fund Tracking Report to the Commission. Commission members reviewed and discussed the report as presented.

The Commission directed staff collect information regarding the status of using judgements, PFD garnishments and confession of judgement for the repayment of paid out surety fund claims.

Surety Fund Balance Report

The Executive Administrator, Sharon Walsh, presented the Surety Fund Balance Report to the Commission. The Commission members reviewed and discussed the report as presented.

**On a motion duly made by Fluetsch, seconded by Somers,
it was**

**RESOLVED to accept the Executive
Administrator’s report.**

All in favor. Motion passes.

New Section: Questions/Comments into AREC

The Executive Administrator, Sharon Walsh, presented to the Commission a couple of typical questions/emails that she would receive on any particular day so that the Commission can see what type of questions she has received.

Licensing Examiner Position

The Executive Administrator asked the Commission for approval to request an additional Licensing Examiner position. The Real Estate Commission has approximately 2400 licensees and one licensing examiner at the present time. Ms. Walsh asked for the Commission's approval so that the request can be forward on to Juneau to start the process.

**On a motion duly made by Wilson, seconded by Somers,
it was**

**RESOLVED to request an additional license
examiner position.**

The Commission members discussed the issue of an additional licensing examiner position.

Commission recessed for break at 2:11 p.m.

Commission reconvened from break at 2:16 p.m.

Motion still on table. All in favor. Motion passes.

Agenda Item 6

Annual Report Fiscal Year 2007

The Commission members discussed the goals and objectives for Fiscal Year 2007.

Goals & Objectives FY 2007

- Review regulations with focus on technology shift
- Prepare the policies, pamphlet and broker supervision outlined in HB 29 REC
 - Pamphlet (reassess)
 - Policies
 - ◆ Broker Supervision
 - ◆ Home office supervision
 - ◆ Remote office supervision
- ARELLO
 - Attendance at the 2007 regional
 - Attendance at the 2006 national
- Draft Regulations: in meeting minutes
- Education
 - Advisory Group recommendations
 - Regulations regarding CE
 - ◆ Evaluations – (revision) Rita/Sharon

- ◆ Certificate – Web evaluation than certificate
- ◆ Content (reviewing)
- ◆ Audit by commission members (in process)
- Recognition of professional designations
 - ◆ Staff to send out notice “licensee notice - if taking designation classes have instructor submit for approval”
 - ◆ Staff to review to determine # of credit hours received per licensing period.
- On-line courses – through the same process.
- Commission owned class development
- More communication between REC and licensees
 - Email/web link for board and other areas
 - Update from REC at licensee board meetings quarterly
 - ◆ Anchorage
 - ◆ Wasilla (schedule a commission meeting here)
 - ◆ Katchemak
 - ◆ Juneau
 - ◆ Fairbanks
 - Ketchikan
- Property Management Advisory
 - REC to define under regulation what “incidental” and “vocation” means on the next meeting agenda.
 - Recommendations for expanding 12 AAC 64.550
- Define Public official
 - Definition of Public Official – REC can put in regulation the definition of “public official”.
 - Narrow definition? – or also an employee of Federal/Municipality working in the capacity of the job (more expansive definition)
- Complete review/revision of the Property Disclosure Statement
- Prohibit unwarranted referral
- Finger printing

Budget Recommendations

- Licensing examiner position
- Audit of consumer pamphlet

Legislative Recommendations

- Prohibit unwarranted referrals
- Increase pre licensing education hours
- Increase post licensing education hours

The Commission recessed for break at 4:10 p.m.

The Commission reconvened from break 4:18 p.m.

Agenda Item 7

Review of Subdivision & Offering Lots

Prior to Final Plat Being Recorded AS 29.40.180

Commission member Gene DuVal brought to the Commission's attention the issue of the sale of lots prior to plat approval. Mr. DuVal explained to the Commission that:

- AS 29 is to grant power to municipalities to establish certain rules. You may not offer to sell, transfer land prior to plat approval.
- Fairbanks North Star Borough ordinance Title 17, reads if an agreement to sell or lease land which would result in a subdivision is absolutely contingent with the platting board approval it shall not constitute a violation.
- Is the Fairbanks municipality law less restrictive than state law? No, Fairbanks North Star Borough's law is not less restrictive.

The Commission members discussed AS 29.40.180 Prohibited acts; criminal penalties and offering to sell land prior to final plat being recorded.

FAQ – Be aware – Check local statutes- does it note that it is “sale contingent on the final plat approval” and is it non-binding. Concerns are about the “offer to sell”.

FAQ – if ownership or financial interest in property licensee must disclosure conflict to ALL parties in the transaction.

Agenda Item 8

Statute 29.40.180 Interpretation

Assistant Attorney General Dave Brower responded to the question regarding AS 29.40.180, Prohibited acts; criminal penalties and also addressed the real estate statute AS 08.88.401, Prohibited conduct; in writing in Agenda #8. Licensee should be aware of AS 29.40.180.

The Commission recessed at 3:04 p.m. until Tuesday, June 13, 2006 at 9:00 a.m.

Tuesday, March 14, 2006

Call to Order

Chairperson Barbara Ramsey called the meeting to order at 9:05 a.m.

Roll Call

Members present constituting a quorum were:

Barbara Ramsey, Associate Broker, 3rd Judicial District
David B. Somers, Broker at Large
Gene DuVal, Associate Broker, 4th Judicial District
Bradley Fluetsch, Public Member

Roger Stone, Broker, 1st Judicial District
Rita Wilson, Associate Broker, Broker at Large

Members absent (excused):
Tim Worthen, Public Member

Staff Present:
Sharon Walsh, Executive Administrator
Nancy Harris, Licensing Examiner

Guests present via teleconference:
Lori Schooley, Coldwell Banker Gold Country
Gordon Schadt, Attorney, Education Advisory Committee
Deb Vanasse, Broker, Education Advisory Committee
Stacy Risner, Greater Fairbanks Board of Realtors
Ruth Blackwell, Powell Realty
Audrey Foldoe, Meyeres Real Estate

Agenda Item 9

Education

Education Advisory Group Report to Commission

Gordon Schadt, facilitator of the Education Advisory Group, presented to the Commission the Advisory Group's recommendations. Mr. Schadt provided the Commission members with a handout of motions of the Advisory Group recommendations. The recommendations were:

Motion 1a - Increase hours for pre licensing education to 40 hours

Motion 1b - Increase hours for post licensing education to 30 hours

- Require a Legislative change
- Legislative goal – add to FY07 Legislative Goals
- Dave Somers (legislative liaison) to work with AAR
- Concepts :
 - Mandate of Alaska principal office of principal branch in regards to the concerns of supervision of licensees
 - Education issues (hours/requirements)
- Change statutes so that the AREC can determine the number of hours required for education, but set a minimum in statutes
 - Current minimums
 - No maximum
- Staff and Rita Wilson – present at September meeting
 - Look at other occupations
- Taken up by the Governor or someone to support
- What needs to be taught vs. what are the number of hours
- Create regulations to support change

Motion 2 - Curriculum development - provide packaged courses for all required classes and instruction for instructors in teaching that curriculum.

- Core topics only, not elective
- Pre-licensing
- Post-licensing
- Required 8 hours
 - Monies from the Surety Fund
- State specifics
- Staff to poll current instructors regarding standardizing DCE, pre and post education.
 - 3 different lines – options
- Evaluate
- Put out to bid if not acceptable

Motion 4 - Instructor recertified approval effective 1/1 – 12/31 and exempt for 5 years after initial approval.

Motion 5 - 7 - Strike 30 contact hours of experience of teaching adults from 12 AAC 64.440.

- Tied with 6 & 7 so that other criteria can apply
- Is the train the trainer class necessary?

Motion 8 - Recertified tied with taking class prior to teaching it.

- An “or” between B and C

Motion 9 - Distance education to be addressed at the September 2006 meeting.

- Internet not correspondence classes
- ARELLO information
- RE/MAX has something available

Motion 11 - Outside classes approved with proof of attendance, materials and certificate

- Retroactive
- Apply within 30 days of class
- Within 60 days of renewal
- Elective credit approval

On a motion duly made by Fluetsch, seconded by DuVal, it was

RESOLVED to extend the Education Advisory Group to the September 2006 meeting for the Distance Education topic.

All in favor. Motion passes.

Evaluations

- Commission receive evaluations to track
- On-line evaluations
- Random call for evaluations
- Coordinate with recertification
- Sealed envelopes with stamp

Course Credit Allocation DCE & ECE

The Executive Administrator, Sharon Walsh, asked for the Commission's input with course credit allocation of DCE and ECE. If a course sponsor is requesting more than the required DCE's, would the Commission issue the course for those requested designated credits? For instance, a course sponsor is requesting 4.0 credit hours of DCE's for a course in risk management; however, the Commission only requires 2.0 DCE's for this renewal cycle for risk management.

The Commission members discussed the issue regarding the allocation of DCE & ECE credits.

The Commission members agreed that a course will only be approved for the designated amount of hours set by the Commission. The remaining hours will be allocated as elective hours or no credit.

Discuss PLE for Brokers

The Executive Administrator, Sharon Walsh, brought to the attention of the Commission that there is no broker post licensing education course available at this present time for the new brokers to comply with the new PLE requirements per AS 08.88.95.

The Commission members discussed the different avenues available for the development of a broker post licensing course.

Staff – to go through a list of approved courses that would qualify for Broker PLE, ask course owners if it can be resubmitted (fee waived – find out if we can do it or how)

Staff to notify course owners in writing

- RFP for broker post-licensing classes
- Waive the course approval fee for broker post-licensing classes.

Audit of CE by Commission Members

Chairperson, Barbara Ramsey, presented a form/list of questions for Commission members to try to answer when they are auditing a class.

All of these questions came out of the requirements from the current statutes. Does this course meet the requirements of what we want as a Commission member? Commission members agreed that it was a good form for auditing classes. Sharon Walsh will Email audit form to members who will fax or email to Sharon after they have audited a course.

The Commission recessed for break at 10:25 a.m.
The Commission reconvened from lunch at 10:35 a.m.

Agenda Item 10

Adopted Proposed Regulations

The Assistant Attorney General, Gayle Horetski, made comments and reviewed the adopted regulations with the Commission members before the final draft is forwarded to the Lt. Governor's office for signature. The regulations reviewed were:

- 12 AAC 64.063, Minimum Education Requirements for Licensure;
- 12 AAC 64.095, Unlicensed Representative;
- 12 AAC 64.240, Broker's Commission;
- 12 AAC 64.325, Findings and Conclusions;
- 12 AAC 64.500, Continuing Education Requirements.

**On a motion duly made by Somers, seconded by DuVal,
it was**

**RESOLVED to readopt the proposed regulations
as amended in the discussion today.**

All in favor. Motion passes.

Regulation project – revision of supervision regulation at September meeting.

**Agenda Item 3(c)
Readdressed**

Clarification on Broker/Licensee Location/Supervision Issue

The investigator, Margo Mandel, readdressed the Commission regarding clarification of a broker (office) in one area (city) and licensees working in another area (city) operating under the same name/sign/letterhead as main office. Ms. Mandel informed the Commission that she was directed by her supervisor to request an AG opinion regarding branch and home office requirements.

Commission recessed for lunch at 1:06 p.m.
Commission reconvened from lunch at 1:23 p.m.

Proposed Regulations

The Commission members reviewed the public comments received and made minor changes to proposed regulations before adoption. The proposed regulations reviewed were: 12 AAC 64.118, Consumer Pamphlet; 12 AAC 64.119, Waiver of Right to be Represented; 12 AAC 64.125, Supervision; 12 AAC 64.130, Grounds for Revocation or Suspension; 12 AAC 64.420, Application for Course Certification; 12 AAC 64.500, Continuing Education Requirements; 12 AAC 64.930, Property Disclosure Form.

1. Amend 12 AAC 64.118 Consumer Pamphlet

On a motion duly made by Somers, seconded by Fluetsch, it was

RESOLVED to accept 12 AAC 64.118 Consumer Pamphlet as amended with a split Initial line for the person(s) receiving at the right hand corner at the bottom of the first page.

All in favor. Motion passes.

2. Amend 12 AAC 64. 119 Waiver of Right to be Represented

On a motion duly made by Somers, seconded by Fluetsch, it was

RESOLVED to accept 12 AAC 64.119 Waiver of Right to be Represented.

All in favor. Motion passes.

3. Amend 12 AAC 64. 125 Supervision

On a motion duly made by Stone, seconded by Fluetsch, it was

RESOLVED to accept 12 AAC 64.125(b) Supervision.

All opposed. Motion fails.

Proposed regulation in conjunction with 12 AAC 64.110 (adopted by REC on 09/05.)

- What is absence?
- When would an associate broker substitute be required?
- Similar to 64.077.

4. Amend 12 AAC 64.130 Grounds for Revocation or Suspension

**On a motion duly made by Somers, seconded by DuVal,
it was**

**RESOLVED to accept 12 AAC 64.130 Grounds for
Revocation or Suspension.**

**5 member in favor; 1 member opposed (Fluetsch). Motion
passes.**

5. Amend 12 AAC 64.420 Application for Course Certification

**On a motion duly made by Somers, seconded by Wilson,
it was**

**RESOLVED accept 12 AAC 64.420(c) Application
for Course Certification.**

All in favor. Motion passes.

6. Amend 12 AAC 64.500 Continuing Education Requirements

**On a motion duly made by Somers, seconded by Stone, it
was**

**RESOLVED to accept 12 AAC 64.500(j)
Continuing Education Requirements with the
following amendments 1) to change the word
“required” to “designated” and 2) the “90” in (j)(1)
to read “91”.**

All in favor. Motion passes.

7. Amend 12 AAC 64.930 Property Disclosure Form
(Authority under AREC ability to create the property disclosure)

**On a motion duly made by Somers, seconded by Stone, it
was**

**RESOLVED to accept 12 AAC 64.930(a) Property
Disclosure Form –
Separated into 3 parts:
1) the 7 page form
2) Waiver
3) Exemption**

Under the 7-page Property Disclosure Form the following amendments

1) Water Supply-

- **Move “If private” line. Put under “Type.”**
- **Change “Cistern” to “Cistern/water tank”**
- **Add “If Cistern/water tank: _____ size.”**
- **Add Alaska Seal to all 3 documents**

WAIVER

- **Insert after “Parties may wish ...”
Add and Bold on the Waiver – “It is recommended that the Buyer read the complete State of Alaska Residential Property Transfer Disclosure Statement form.”**
- **Add above signature line – “Signing this waiver does not affect other obligations for disclosure.”**

All in favor. Motion passes.

Agenda Item 11

Old Business

Audit of CE’s Update & Review of 2001 Motion

Moved to September meeting due to time constraints.

Audit of Licensee Transaction File

Commission members agreed to move this item to the September meeting. Commission members will continue to consider how they will implement this audit of the Consumer Pamphlet.

Follow Up: PLE Requirements for License by Endorsement

The Executive Administrator, Sharon Walsh, was asked the question from a Commission member at the last meeting if an endorsement applicant was required to complete PLE. She asked the Assistant Attorney General, Dave Brower, his opinion regarding this question. Mr. Brower said that endorsement applicants are required to complete PLE education as initial licensees in Alaska. He said there is nothing in the statute that excludes them from this requirement.

FAQ or BBP from M. Kane to be addressed

The Commission members reviewed and discussed the question that was emailed to the Executive Administrator, Sharon Walsh from Matthew Kane regarding disclosure, representation and a possible conflict of interest.

FAQ – Licensees familiar with Broker policy and allowances under AS 08.88.635.

Update on Vista Referral Center Transferees

The Executive Administrator, Sharon Walsh, presented an update to the Commission members on the transfer of licensees to the new Vista Referral Center office. Out of 65 licensees that were in the former Vista Referral 62 were transferred over, 2 licensees broke contact with broker and 1 licensee that did not transfer.

Agenda Item 12

New Business

FSBO

Commission member Rita Wilson brought to the Commission's attention an issue involving FSBO practice. A FSBO company offers a basic contract for certain services for an up front fee of \$995.00 whether services were provided or not. If the seller does not have this fee up front then they direct them to a line of credit through the Wells Fargo bank. This line of credit through Wells Fargo is an unsecured loan that if not paid in 6 months the interest rate will be 18%.

Commission members reviewed and discussed the FSBO issue as presented.

ARELLO- Mid Year Update

Chairperson, Barbara Ramsey, presented her notes of the ARELLO Mid-Year Meeting. Commission members were encouraged to look it over.

ARELLO Annual Conference San Antonio

Executive Administrator, Sharon Walsh, will be attending the ARELLO Annual Conference in San Antonio, Texas, September 24-27, 2006.

Next Commission meeting is September 20 – 21 potentially in Wasilla if a location can be found, if not than the meeting will be held in Anchorage.

Commission member Gene DuVal will provide a definition for modular vs. manufactured for the September meeting.

On a motion duly made by Ramsey, seconded by Fluetsch, it was

RESOLVED to adjourn the meeting.

All in favor. Motion passes.

Meeting adjourned at 5:38 p.m.

Prepared and submitted by Division Staff.

Approved:

Barbara Ramsey, Chairperson
Real Estate Commission

Date: _____